

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

LIGHTHOUSE FINANCIAL GROUP, LLC,

Case No. 10 – 16506 (SMB)

Debtor.

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**DECLARATION OF ROBERT J. BRADLEY UNDER LOCAL  
RULE 1007- 2(a) IN CONNECTION WITH CHAPTER 11 FILING**

ROBERT J. BRADLEY declares pursuant to 28 U.S.C. § 1746 as follows:

1. I am the chief operating officer of Lighthouse Financial Group, LLC (the “Debtor”), the above-referenced debtor.

2. I submit this declaration under S.D.N.Y. Local Rule 1007-2(a) in connection with the filing of the Debtor's chapter 11 case, under title 11, United States Code (the “Bankruptcy Code”).

**Nature of Debtor's Business and Assets**

3. On the date hereof (the “Petition Date”) the Debtor filed this chapter 11 case. This Declaration describes the business activities and background of the Debtor.

4. The Debtor is a subsidiary of Lighthouse Global Partners, LLC (“LGP”). LGP owns 98.5744% of the Debtor. The remaining interest holders of the Debtor are: (a) the Estate of Ralph Sarli, (.4356% interest); and (b) Paul Kelley (1.00%). On the Petition Date, LGP also filed a chapter 11 petition in this Court. The Debtor has filed a motion seeking an order authorizing the joint administration of the Debtor's case with LGP's case.

5. The Debtor is a Delaware limited liability company. Prior to the Petition Date, the Debtor's principal office was located at 420 Lexington Avenue, Suite 1430, New York, New York 10170. The Debtor formerly was a securities broker dealer registered with the Securities and

Exchange Commission (the "SEC"), and was a member of the Financial Industry Regulatory Authority ("FINRA").

6. The SEC imposes Uniform Net Capital Rule 15c3-1 upon security broker-dealers ("Net Capital Rule") which requires that (a) the security broker-dealers maintain a minimum net capital and (b) the ratio of aggregate indebtedness to net capital not exceed 15 to 1. On or about August 3, 2010, FINRA notified the Debtor that it was out of compliance with the Net Capital Rule and needed to immediately cease conducting a securities business.

7. Since August 3, 2010, the Debtor has not engaged in any securities business other than liquidating transactions for existing positions. Consequently, the Debtor lost its main source of revenue and decided to wind-down its remaining business.

8. On August 23, 2010, the Debtor submitted its Broker Dealer Withdrawal form ("BD-W Form"). By filing the BD-W Form, the Debtor is no longer engaged in the securities business and is eligible to file a chapter 11 petition in this Court under Bankruptcy Code §109.

9. The Debtor's assets include cash contained in several bank accounts, a security deposit with its former landlord, deposits held by clearing firms in connection with clearing agreements, and balances due on loans made to, and promissory notes owed by former employees.

#### **The Debtor's Liabilities and Assets**

10. The Debtor estimates that it owes approximately \$14,577,070.27 in unsecured claims, and approximately \$1,304,365.63 in priority claims.

11. In addition, the Debtor owes \$77,847.73 in tax claims.

12. The Debtor has no secured debt.

**Information Required By Local Rule 1007-2**

13. It is my understanding that Local Rule 1007-2 requires the Debtor to disclose certain information relating to the Debtor's assets, liabilities and financial condition. That information is set forth in **Exhibit "A"** annexed hereto.

**Conclusion**

14. The Debtor believes that with the protection of this Court, it will be able to marshal and liquidate its assets, wind-down its affairs in an orderly manner and obtain the highest possible value of its assets for the benefit of creditors.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 7, 2010

**LIGHTHOUSE FINANCIAL GROUP, LLC**

By: /s/ Robert J. Bradley  
Name: Robert J. Bradley  
Title: Chief Operating Officer